REFERENCE TITLE: homeowners' associations; condominiums; open meetings

State of Arizona Senate Forty-eighth Legislature Second Regular Session 2008

SB 1019

Introduced by Senator Harper

AN ACT

AMENDING SECTIONS 33-1248 AND 33-1804, ARIZONA REVISED STATUTES; RELATING TO CONDOMINIUMS AND PLANNED COMMUNITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

- i -

Be it enacted by the Legislature of the State of Arizona: Section 1. Section 33-1248, Arizona Revised Statutes, is amended to read:

33-1248. Open meetings: exceptions

- A. Notwithstanding any provision in the declaration, bylaws or other documents to the contrary, all meetings of the association and board of directors are open to all members of the association or any person designated by a member in writing as the member's representative and all members or designated representatives so desiring shall be permitted to attend and speak at an appropriate time during the deliberations and proceedings. The board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a member or a member's designated representative to speak AFTER THE BOARD HAS DISCUSSED A SPECIFIC AGENDA ITEM AND before the board takes formal action on an THAT item under discussion in addition to any other opportunities to speak. The board shall provide for a reasonable number of persons to speak on each side of an issue. Any portion of a meeting may be closed only if that portion of the meeting is limited to consideration of one or more of the following:
- 1. Legal advice from an attorney for the board or the association. On final resolution of any matter for which the board received legal advice or that concerned pending or contemplated litigation, the board may disclose information about that matter in an open meeting except for matters that are required to remain confidential by the terms of a settlement agreement or judgment.
 - 2. Pending or contemplated litigation.
- 3. Personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association, including records of the association directly related to the personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association.
- 4. Matters relating to the job performance of, compensation of, health records of or specific complaints against an individual employee of the association or an individual employee of a contractor of the association who works under the direction of the association.
- 5. ONLY ON REQUEST OF A UNIT OWNER, DISCUSSION OF UNIT OWNER APPEALS OF VIOLATIONS CITED OR PENALTIES IMPOSED BY THE ASSOCIATION.
- B. Notwithstanding any provision in the condominium documents, all meetings of the association and the board shall be held in this state. A meeting of the association shall be held at least once each year. Special meetings of the association may be called by the president, by a majority of the board of directors or by unit owners having at least twenty-five per cent, or any lower percentage specified in the bylaws, of the votes in the association. Unless otherwise provided in the articles or the bylaws of the

- 1 -

association, not fewer than ten nor more than fifty days in advance of any meeting of the unit owners, the secretary shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit owner. The notice of any meeting of the unit owners shall state the time and place of the meeting. The notice of any special meeting of the unit owners shall also state the purpose for which the meeting is called, including the general nature of any proposed amendment to the declaration or bylaws, any changes in assessments that require approval of the unit owners and any proposal to remove a director or officer. The failure of any unit owner to receive actual notice of a meeting of the unit owners does not affect the validity of any action taken at that meeting.

- C. Unless otherwise provided in the articles or bylaws of the association NOTWITHSTANDING ANY PROVISION IN THE DECLARATION, BYLAWS OR OTHER CONDOMINIUM DOCUMENTS, for meetings of the board of directors that are held after the termination of declarant control of the association, notice to unit owners of meetings of the board of directors shall be given at least forty-eight hours in advance of the meeting by newsletter, conspicuous posting or any other reasonable means as determined by the board of directors. An affidavit of notice by an officer of the association is prima facie evidence that notice was given as prescribed by this section. Notice to unit owners of meetings of the board of directors is not required if emergency circumstances require action by the board before notice can be given. Any notice of a board meeting shall state the time and place of the meeting. The failure of any unit owner to receive actual notice of a meeting of the board of directors does not affect the validity of any action taken at that meeting.
- D. ONLY THOSE ITEMS LISTED ON THE MEETING AGENDA MAY BE DISCUSSED, CONSIDERED OR DECIDED AT THE MEETING. ISSUES THAT ARE NOT LISTED ON THE MEETING AGENDA MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS FOR INFORMATION AND FUTURE DISCUSSION. THE AGENDA SHALL BE AVAILABLE TO ALL UNIT OWNERS ATTENDING ANY MEETING OF THE BOARD OF DIRECTORS OR TO ANY UNIT OWNER MAKING A REQUEST FOR AN AGENDA BEFORE THE MEETING.
- E. THE BOARD OF DIRECTORS MAY ADJOURN INTO A CLOSED SESSION ON A VOTE OF A QUORUM OF THE BOARD OF DIRECTORS AND AFTER ANNOUNCING THE REASON FOR THE CLOSED SESSION AT AN OPEN SESSION OF A MEETING OF THE BOARD. A CLOSED SESSION OF THE BOARD OF DIRECTORS MAY BE HELD WITHOUT FIRST MEETING IN AN OPEN SESSION IF A PUBLIC NOTICE IS POSTED AS PRESCRIBED BY THIS SECTION. THE BOARD SHALL NOT TAKE ANY ACTION THAT REQUIRES A FINAL VOTE OR DECISION AT A CLOSED SESSION, INCLUDING ANY LEGAL ACTION. ALL MATTERS DISCUSSED OR CONSIDERED BY THE BOARD IN A CLOSED SESSION SHALL BE VOTED ON IN A REGULAR OPEN SESSION WITH THE OMISSION OF THE SPECIFIC INFORMATION, SUCH AS THE NAMES OF EMPLOYEES OR OWNERS, THAT IS REQUIRED BY LAW TO REMAIN CONFIDENTIAL.

- 2 -

- F. AN EMERGENCY MEETING OF THE BOARD OF DIRECTORS MAY BE CALLED TO DISCUSS BUSINESS OR TAKE ACTION THAT CANNOT BE DELAYED UNTIL THE NEXT REGULARLY SCHEDULED BOARD MEETING. A PUBLIC NOTICE SHALL BE POSTED WITHIN FORTY-EIGHT HOURS AFTER THE MEETING DECLARING THAT AN EMERGENCY MEETING HAS BEEN HELD. THE NOTICE AND THE MINUTES OF THE EMERGENCY MEETING SHALL STATE THE REASON NECESSITATING THE EMERGENCY MEETING AND WHAT MATTERS WERE DISCUSSED, CONSIDERED OR DECIDED. THE MINUTES OF THE EMERGENCY MEETING SHALL BE READ AND APPROVED AT THE NEXT REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS.
- G. NOTWITHSTANDING ANY PROVISION IN THE CONDOMINIUM DOCUMENTS, WORKSHOP MEETINGS MAY BE HELD FOR THE PURPOSE OF DISCUSSION AND STUDY OF ISSUES, EDUCATION OF BOARD MEMBERS AND WORK ON SPECIAL PROJECTS. THE BOARD SHALL NOT DECIDE ANY MATTERS AND FORMAL ACTION SHALL NOT BE TAKEN AT A WORKSHOP MEETING. PROPER NOTICE OF THE WORKSHOP MEETING SHALL BE GIVEN AS PRESCRIBED IN SUBSECTION C OF THIS SECTION. THE BOARD SHALL PREPARE AND POST AN AGENDA THAT DESCRIBES THE SPECIFIC REASONS FOR THE WORKSHOP.
- H. PURSUANT TO SECTION 10-3821, THE BOARD OF DIRECTORS MAY TAKE ACTION WITHOUT A MEETING. IF THE BOARD TAKES ACTION WITHOUT A MEETING, A NOTICE SHALL BE POSTED WITHIN FORTY-EIGHT HOURS AFTER THE LAST DIRECTOR SIGNS THE CONSENT TO THE ACTION TAKEN. THE NOTICE SHALL DECLARE THAT AN ACTION HAS BEEN TAKEN WITHOUT A MEETING, THE REASON FOR TAKING THE ACTION AND THE ACTION TAKEN. THIS NOTICE SHALL BE READ INTO THE MINUTES OF THE NEXT REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS. THE PROCEDURE FOR TAKING ACTION WITHOUT A MEETING SHALL BE USED ONLY WHEN EMERGENCY CIRCUMSTANCES WARRANT A MEETING AND THERE IS NOT SUFFICIENT TIME TO NOTICE A MEETING, OR WHEN A QUORUM OF THE BOARD IS IMPOSSIBLE TO OBTAIN AND NECESSARY BUSINESS MUST BE UNDERTAKEN. THIS PROCEDURE SHALL NOT BE USED TO TAKE THE PLACE OF CONDUCTING BUSINESS AT A REGULARLY SCHEDULED BOARD MEETING.
- I. MEETINGS OF ALL COMMITTEES OF THE ASSOCIATION SHALL BE OPEN TO ALL UNIT OWNERS. NOTICE OF A COMMITTEE MEETING SHALL BE GIVEN AS PRESCRIBED IN SUBSECTION C OF THIS SECTION. AN AGENDA DESCRIBING THE SPECIFIC ITEMS TO BE DISCUSSED SHALL BE PREPARED AND POSTED.
- J. MINUTES OF BOARD OF DIRECTORS MEETINGS THAT ARE NOT CLOSED SESSIONS SHALL BE OPEN TO PUBLIC INSPECTION WITHIN TEN BUSINESS DAYS AFTER THE MEETING IS HELD. UNIT OWNERS SHALL BE PROVIDED A COPY OF THE MINUTES AT NO COST TO THE UNIT OWNER WITHIN THREE BUSINESS DAYS AFTER A WRITTEN REQUEST OR AN ELECTRONIC MAIL REQUEST IS MADE TO THE SECRETARY OF THE BOARD OF DIRECTORS OR THE MANAGER OF THE ASSOCIATION.
- K. MEETINGS OF THE UNIT OWNERS, THE BOARD OF DIRECTORS, OTHER THAN CLOSED SESSIONS, OR COMMITTEES OF THE ASSOCIATION MAY BE RECORDED BY MEANS OF A VIDEO CAMERA OR TAPE RECORDER OR ANY OTHER MEANS OF AUDIO REPRODUCTION ONLY IF THERE IS NO ACTIVE INTERFERENCE WITH THE CONDUCT OF THE MEETING.
- L. A QUORUM OF THE BOARD OF DIRECTORS SHALL NOT MEET, CONDUCT BUSINESS OR MAKE ANY DECISIONS BY MEANS OF ELECTRONIC MAIL COMMUNICATIONS.

- 3 -

- M. A QUORUM OF THE BOARD OF DIRECTORS MAY MEET BY MEANS OF A TELEPHONE CONFERENCE IF A SPEAKERPHONE IS AVAILABLE IN THE MEETING ROOM THAT ALLOWS BOARD MEMBERS AND UNIT OWNERS TO HEAR ALL PARTIES WHO ARE SPEAKING DURING THE MEETING.
- N. ANY QUORUM OF THE BOARD THAT MEETS INFORMALLY SHALL COMPLY WITH THE OPEN MEETING AND NOTICE PROVISIONS OF THIS SECTION WITHOUT REGARD TO WHETHER THE BOARD VOTES OR TAKES ANY ACTION ON ANY MATTER AT THAT INFORMAL MEETING.
- $label{eq:D.}$ 0. This section does not apply to timeshare plans or associations that are subject to chapter 20 of this title.
 - Sec. 2. Section 33-1804, Arizona Revised Statutes, is amended to read: 33-1804. Open meetings; exceptions
- A. Notwithstanding any provision in the declaration, bylaws or other documents to the contrary, all meetings of the association and board of directors are open to all members of the association or any person designated by a member in writing as the member's representative and all members or designated representatives so desiring shall be permitted to attend and speak at an appropriate time during the deliberations and proceedings. The board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a member or member's designated representative to speak AFTER THE BOARD HAS DISCUSSED A SPECIFIC AGENDA ITEM AND before the board takes formal action on an THAT item under discussion in addition to any other opportunities to speak. The board shall provide for a reasonable number of persons to speak on each side of an issue. Any portion of a meeting may be closed only if that closed portion of the meeting is limited to consideration of one or more of the following:
- 1. Legal advice from an attorney for the board or the association. On final resolution of any matter for which the board received legal advice or that concerned pending or contemplated litigation, the board may disclose information about that matter in an open meeting except for matters that are required to remain confidential by the terms of a settlement agreement or judgment.
 - 2. Pending or contemplated litigation.
- 3. Personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association, including records of the association directly related to the personal, health or financial information about an individual member of the association, an individual employee of the association or an individual employee of a contractor for the association.
- 4. Matters relating to the job performance of, compensation of, health records of or specific complaints against an individual employee of the association or an individual employee of a contractor of the association who works under the direction of the association.
- 5. ONLY ON REQUEST OF A MEMBER, DISCUSSION OF MEMBER APPEALS OF VIOLATIONS CITED OR PENALTIES IMPOSED BY THE ASSOCIATION.

- 4 -

- Notwithstanding any provision in the community documents, all meetings of the association and the board shall be held in this state. A meeting of the association shall be held at least once each year. Special meetings of the association may be called by the president, by a majority of the board of directors or by members having at least twenty-five per cent, or any lower percentage specified in the bylaws, of the votes in the association. Unless otherwise provided in the articles or bylaws of the association, not fewer than ten nor more than fifty days in advance of any meeting of the members the secretary shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address for each lot, parcel or unit owner or to any other mailing address designated in writing by a member. The notice shall state the time and place of the meeting. A notice of any special meeting of the members shall also state the purpose for which the meeting is called, including the general nature of any proposed amendment to the declaration or bylaws, changes in assessments that require approval of the members and any proposal to remove a director or an officer. The failure of any member to receive actual notice of a meeting of the members does not affect the validity of any action taken at that meeting.
- C. Unless otherwise provided in the articles or bylaws of the association NOTWITHSTANDING ANY PROVISION IN THE DECLARATION, BYLAWS OR OTHER COMMUNITY DOCUMENTS, for meetings of the board of directors that are held after the termination of declarant control of the association, notice to members of meetings of the board of directors shall be given at least forty-eight hours in advance of the meeting by newsletter, conspicuous posting or any other reasonable means as determined by the board of directors. An affidavit of notice by an officer of the corporation is prima facie evidence that notice was given as prescribed by this section. Notice to members of meetings of the board of directors is not required if emergency circumstances require action by the board before notice can be given. Any notice of a board meeting shall state the time and place of the meeting. The failure of any member to receive actual notice of a meeting of the board of directors does not affect the validity of any action taken at that meeting.
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- 5 -

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- 6 -

- L. A QUORUM OF THE BOARD OF DIRECTORS SHALL NOT MEET, CONDUCT BUSINESS OR MAKE ANY DECISIONS BY MEANS OF ELECTRONIC MAIL COMMUNICATIONS.
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- N. ANY QUORUM OF THE BOARD THAT MEETS INFORMALLY SHALL COMPLY WITH THE OPEN MEETING AND NOTICE PROVISIONS OF THIS SECTION WITHOUT REGARD TO WHETHER THE BOARD VOTES OR TAKES ANY ACTION ON ANY MATTER AT THAT INFORMAL MEETING.
 - Sec. 3. <u>Declaration of policy; open meetings</u>

It is the policy of this state as reflected in this act that all meetings of a condominium or planned community homeowners' association, whether meetings of the members, meetings of the board of directors or meetings of committees of the association, be conducted openly and that notices and agendas be provided for those meetings that contain the information that is reasonably necessary to inform the members of the matters to be discussed or decided and to ensure that members have the ability to speak after discussion of agenda items, but before a vote of the board of directors is taken. This policy shall also apply to associations that are still under control of the developer. Toward this end, any person or entity that is charged with the interpretation of these provisions shall take into account this declaration of policy and shall construe any provision of this act in favor of open meetings.

- 7 -